

<b>TITLE</b>	<b>2022/23 Revenue Outturn Report</b>
<b>FOR CONSIDERATION BY</b>	Schools Forum on 12 July 2023
<b>WARD</b>	None Specific;
<b>LEAD OFFICER</b>	Director, Children's Services - Helen Watson

## **OUTCOME / BENEFITS TO THE COMMUNITY**

This reports forms part of regular reporting to Schools Forum, informing areas of statutory decision making and improving visibility and consultation on wider Dedicated Schools Grant (DSG) financial matters.

## **RECOMMENDATION**

Schools Forum is asked to note the report.

## **SUMMARY OF REPORT**

The report provides Schools Forum with an update on the 2022/23 outturn on the Dedicated Schools Grant (DSG), explanations on key variances / movements from forecast, and highlights the cumulative deficit as at 31<sup>st</sup> March 2023.

The DSG outturn for the 2022/23 financial year is a net overspend of £7.2m, representing 4.3% of total DSG income for the year. £3.9m of this pressure was anticipated at the time of budget setting, with the balance of £3.3m representing higher than anticipated number of EHCPs and associated costs over the financial year.

Together with the brought forward deficit balance of £10m, partially offset by the £8m of Safety Valve income secured in March, the cumulative DSG deficit at the end of 2022/23 sits at £9.2m.

Maintained school balances are reported separately and stand at £6.7m as at 31<sup>st</sup> March 2023.

## **2022/23 Revenue Outturn Report July 2023**

### **01. Purpose of the Report**

The report provides Schools Forum with an update on the 2022/23 outturn on the Dedicated Schools Grant (DSG), explanations on key variances / movements from forecast, and highlights the cumulative deficit as at 31<sup>st</sup> March 2023.

### **02. Recommendation**

Schools Forum is asked to note the contents of this report.

### **03. Background**

The Dedicated Schools Grant (DSG) is a ring-fenced, specific grant provided to Local Authorities that must be spent in accordance with the School and Early Years Finance (England) Regulations. Within the DSG there are four funding blocks:

- Schools Block
- High Needs Block
- Early Years Block, and
- Central Schools Services Block

The Local Authority and Schools Forum are responsible for ensuring that the DSG is deployed correctly according to the Regulations. Regular monitoring of spend against the grant is required to enable decision making on deficits and surpluses and to inform service strategy and future year budget requirements.

The way in which local authorities account for DSG deficits has been altered by the Local Authorities (Capital Finance and Accounting) Regulations 2020, issued by the Department for Levelling Up, Housing and Communities (DLUHC). This requires DSG deficits to be held in a separate reserve in local authorities' accounts. However, the way in which local authorities should plan their management of DSG and report to DfE remains governed by the School and Early Years Finance Regulations 2022.

This report shows the outturn for the Dedicated Schools Grant (DSG), and how that impacts on balances held both centrally and on behalf of maintained schools. Figures remain provisional, pending external audit review, however no material changes are anticipated.

#### 04. 2022/23 DSG Outturn Summary

The outturn for the 2022/23 financial year, across the four blocks of the DSG, reports an in-year deficit of £7.2m. This represents a 4.3% overspend on block income for the year.

Individual block summary is shown below, with further information provided in Appendix A.

	[A]	[B]	[C]	[C] - [A]	[C] - [B]
	* Budget £,000	Forecast £,000	Outturn £,000	Variance Outturn to Budget £,000	Variance Outturn to Forecast £,000
<b>DSG Block Outturn 2022/23</b>					
Schools Block	129,842	129,990	129,826	-16	-164
High Needs Block	25,660	32,349	32,893	7,233	544
Early Years Block **	11,413	11,654	11,363	-50	-291
Central School Services Block	995	994	994	-1	0
<b>Total DSG</b>	<b>167,910</b>	<b>174,987</b>	<b>175,076</b>	<b>7,166</b>	<b>89</b>

\* Budget figure reflects final DSG income per block

\*\* Early Years final funding allocation not yet known for 2022/23 - £188k reduction anticipated in outturn figure

Balances held on behalf of individual maintained schools increased by £1.02m in comparison to that held as at 31<sup>st</sup> March 2022.

	Balance as at 01/04/22 £,000	Year End Transfers £,000	Balance as at 01/04/23 £,000
<b>Maintained School Balances</b>			
Nursery	81,746	- 168	81,578
Primary	- 3,676,475	- 735,897	- 4,412,372
Secondary	- 406,522	- 288,925	- 695,447
Special	- 1,261,078	170,829	- 1,090,249
PRU	- 387,058	- 165,081	- 552,139
<b>Total DSG</b>	<b>- 5,649,387</b>	<b>- 1,019,242</b>	<b>- 6,668,629</b>

\* balances exclude Bulmershe Sports Partnership, and impact of conversions

#### 05. Key Variances & Explanation of Movements from Forecast

##### Schools Block

The outturn on the Schools Block reports a £16k underspend against allocated funding of £129.8m (<0.01%).

The key variances against budget and movements on forecast are provided below.

##### Academy Recoupment - £15k underspend

Final academy recoupment adjustments for the year were £15k below that anticipated in the forecast.

##### De-delegation – Supply cover - £22k underspend

Outturn on maternity supply cover was £22k lower than budget, a movement of £2k on that previously reported in the forecast. This is paying for school staff (teaching

and support staff) that are on maternity and paternity leave, with forecasting difficult in advance of payroll processing.

#### Growth Fund - £21k overspend

Final Growth Fund expenditure was £150k lower than anticipated in the forecast, due to timing of ongoing place planning work. While figures reflect an overspend of £21k against the £1.59m growth fund allocation for 2022/23, this was planned for through use of balances held. Further detail on the Growth Fund outturn is available in Appendix B.

#### High Needs Block

The outturn on the High Needs Block reports a £7.2m overspend against allocated funding of £25.7m (28%).

At the time of budget setting, an in-year pressure of £3.9m was identified, with this rising to £6.7m as forecasting has progressed throughout the year. A further £544k of pressure was experienced by year end, with key movements on forecast provided below.

#### Mainstream Top-ups £261k increase on forecast

Final outturn on top-ups for Wokingham mainstream schools was £274k higher than forecast, partially offset by a reduction on forecast for out of borough schools by £13k.

#### Independent & Non Maintained Special Schools £244k reduction on forecast

Final outturn INMSS was £244k lower than forecast, largely as a result of split funding contributions negotiated late in the year.

#### Targeted Education / Support for Inclusion £520k increase on forecast

Final outturn on EOTAS (Education Other Than At School) packages, tutors and other directly commissioned support was £520k higher than forecast. The ability to produce accurate predictions of EOTAS has proven difficult and complex due to lack of suitable provision and the response to complex cases from some families to INMSS options presented. Detailed work is ongoing in this area as part of key workstreams within the Safety Valve Programme.

#### Early Years Block

The outturn on the Early Years Block reports a small underspend of £50k for the year against expected final allocated funding of £11.5m.

The 2022/23 Early Years Budget was set based on block income of £11.3m, with £147k held centrally in reserve to allow for changing circumstances during the year. As in previous years, funding changes during the year in response to census information, with funding as at March 2023 standing at £11.6m. The final Early Years position for the 2022/23 financial year will not be known until final adjustments are notified by the DfE, which is expected later in July. A clawback adjustment by the DfE of £188k is anticipated and further information will be reported to October Schools Forum.

The reported underspend on the EY block of £50k reflects the allocation for the Hardship Fund which will be held in reserves.

## **Central School Services Block**

Outturn in line with forecast, with no material variances for the financial year.

### 06. **Balances and Reserves**

The Local Authorities (Capital Finance and Accounting) Regulations 2020 altered the way in which local authorities are required to account for DSG deficits. This required the establishment of a new statutorily ring-fenced unusable reserve – the Dedicated Schools Grant Adjustment Account.

This accounting practice has the effect of separating schools budget deficits from the Local Authority's General Fund to confirm no liability on LAs. This arrangement was put in place by central government for an initial 3-year period running through to the end of 2022/23 and has now been extended by a further 3 years through to 2025/26.

	High Needs Block Deficit £,000	General DSG Reserve £,000	De-delegated Contingency £,000	Growth Fund £,000	EY Hardship Fund £,000	Sub-Total £,000	ISB £,000	Total including ISB £,000
Opening Balance as at 31st March 2022	10,799	-298	-55	-406	0	10,040	-7,104	2,936
DSG Block Movements	7,233	-38		21	-50	7,166		7,166
School Balance adjustment							421	421
Safety Valve Funding						-8,040		-8,040
Closing Balance as at 31st March 2023	18,032	-336	-55	-385	-50	9,166	-6,683	2,483

### 07. **Summary**

The 2022/23 outturn position shows a net overspend of £7.2m across the four blocks of the DSG, representing 4.3% of income for the year.

The cumulative deficit balance as at 31<sup>st</sup> March 2023 stands at £9.2m, having adjusted for the in-year overspend of £7.2m and a reduction for the £8m of Safety Valve funding received in March 2023.

The High Needs Block remains the driver of the deficit position with the Safety Valve Programme and associated deficit management plan remaining the key areas of focus for the 2023/24 financial year and beyond.

**Appendix A – 2022/23 DSG Outturn by Block**

**Appendix B – 2022/23 Growth Fund Outturn**

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